

RURAL MARKETING IN INDIA

(PRESENT SCENARIO & SUGGESTED IMPROVEMENTS THAT MAKES IT MOST EFFECTIVE)

INTRODUCTION

Rural marketing facilitate flow of goods and service from rural producers to urban consumers at possible time with reasonable prices, and agriculture inputs/ consumer goods from urban to rural. Marketing as a function has started much earlier when civilization started but not recognized as marketing. All economy goods are marketed in terms of goods and services (Barter system). Now money is being practiced as a good exchanging medium. The market may be a street, or a small town/ metropolitan city, Developments in infrastructure, transport, and communication facilities has increased the scope of the rural market.

Rural markets are small, non- contiguous settlement units of village relatively low infrastructure facilitates, low density of population, their life styles also being different. Rural consumers are mostly farmers whose income receipts are dependent on the vagaries of nature. Rural population has been increased about 74% of the total population; the demand for products and services has increased a lot in rural areas. Green revolution in the North and white revolution in the West has brought about a new prosperity in the lives of rural people. Government emphasis on rural development has caused significant changes in the rural scenario. Moreover, the special attention given for infrastructure development through the successive Five-year plans has improved the buying and consumption pattern of rural people.

Indian Marketers on rural marketing have two understanding:

- The urban metro products and marketing products can be implemented in rural markets with some or no change.
- The rural marketing required the separate skills and techniques from its urban counter part.

The Marketers have following facilities to make them believe in accepting the truth that rural markets are different in so many terms.

- (i) The rural market has the opportunity for.
- (ii) Low priced products can be more successful in rural markets because the low purchasing, purchasing powers in rural markets.
- (iii) Rural consumers have mostly homogeneous group with similar needs, economic conditions and problems.
- (iv) The rural markets can be worked with the different media environment as opposed to press, film, radio and other urban centric media exposure.

How reality does affect the planning of marketers? Do villagers have same attitude like urban consumers? The question arises for the management of rural marketing effects in a significant manner so than companies can enter in the rural market with the definite goals and targets but not for a short term period but for longer duration. The Research paper will discuss the role of regard. The strategy, which will be presented in the paper, can be either specific or universally applicable.

REALITIES BEFORE THE MARKETERS

70% of India's population lives in 627000 villages in rural areas. 90% of the rural population is concentrated in villages with a population of less than 2000, with agriculture being the main business. This simply shows the great potentiality rural India has to bring the much-needed volume-driven growth. This brings a boon in disguise for the FMCG Company who has already reached the plateau of their business urban India.

As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. According to the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size India is expected to be double that of urban India.

HLL chairman MS Banga Says, "This exercise may not pay in the immediate future, but will definitely give long-term dividends. Incidentally, over 50 percent of the sales of HLL's fabric wash, personal wash and beverages are in rural areas. And we see a future in going rural in a major way".

The improved agricultural growth is expected to boost rural demand, though not at too sizzling a rate. Moreover, the price drop in personal products, after the recent excise duty reductions, is also expected to drive consumption. "Better agricultural yields will give farmers more spending power, making the rural markets bullish," says an analyst.

As a result, HLL has planned a rural marketing program that is expected to result in a marked growth in the consumption of the company's products in the rural market. HLL will adopt three-pronged marketing strategy- new price points, sizes and awareness campaigns for its detergents and soaps segment to augment rural growth.

The Indian established Industries have the advantages, which MNC don't enjoy in this regard. The strong Indian brands have strong brand equity, consumer demand-pull and efficient and dedicated dealer network which have been created over a period of time. The rural market has a grip of strong country shops, which affect the sale of various products in rural market.

The companies are trying to trigger growth in rural areas. They are identifying the fact that rural people are now in the better position with disposable income. The low rate finance availability has also increased the affordability of purchasing the costly products by the rural people. Marketer should understand the price sensitivity of a consumer in a rural area. The small sachet packs are the examples of price sensitivity. Colgate has done this experiment with launching of sachet packs for rural markets.

TYPES OF RURAL MARKETS

HAATS /SANDIES

Mostly for weekly market for all commodities

MANDIS

Mostly for all types of grains

COMMODITY SPECILISED MARKETS

Nasik for onions and Grapes market, Nagpur for Orange market, Delhi for Apples market, Salem {TN} for Mangoes, Farkka market for potato market and Calcutta / Assam for tea market.

REGULATED MARKETS

There are more than 5000 primary and Secondary Agricultural produce wholesale assembling markets functioning in the country. These markets are meant for the farmers to take their produce for sale. These markets facilitate farmers, immediate cash payments. The directorate of state Agricultural Marketing Board or Registrar of cooperative marketing societies is controlling these markets. The market is run by an elected committee comprising of members from the farmers community, commission agents/wholesalers and some government nominees from Directorate of state agriculture / cooperative societies.

COOPERATIVE MARKETING

Another major improvement for rural producers is the formation of cooperative societies. Farmer's common interest helped to increase the incomes of the farmers and avoid exploitation of the middlemen. There are about five lack cooperatives working but very few cooperative societies in selected areas like Dairy, sugar, oilseeds, Mahagrape in Maharastra, tomato growers in Punjab etc. succeeded in cooperative processing industry.

PROBLEMS IN RURAL MARKETING

The rural market offers a vast untapped potential. It is not that easy to operate in rural market because of several problems and also it is a time consuming affair and it requires considerable investments in terms of evolving appropriate strategies with a view to tackle the problems. The problems are:

UNDERDEVELOPED PEOPLE AND UNDERDEVELOPED MARKETS: The agricultural technology has tried to develop the people and market in rural areas. Unfortunately, the impact of the technology is not felt uniformly through out the country. Some districts in Punjab, Haryana or Western Uttar Pradesh where rural consumer is somewhat comparable to his urban counterpart, there are large areas and groups of people who have remained beyond the technological breakthrough. In addition, the farmers with small agricultural land holdings have also been unable to take advantage of the new technology.

LACK OF PROPER PHYSICAL COMMUNICATION FACILITIES: Nearly 50 percent of the villages in the country do not have all weather roads. Physical communication to these villages is highly expensive. Even today, most villages in eastern part of the country are inaccessible during monsoon season.

INADEQUATE MEDIA COVERAGE FOR RURAL COMMUNICATION: A large number of rural families own radios and television sets there are also community radio and T.V sets. These have been used to diffuse agricultural technology to rural areas. However the coverage relating to marketing is inadequate using this aid of Marketing.

MULTI LANGUAGE AND DIALECTS: The number of languages and dialects vary from state to state region to region. This type of distribution of population warrants appropriate strategies to decide the extent of coverage of rural market.

OTHER FACTORS INFLUENCING MARKETING

Natural calamities and Market conditions (demand, supply and price). Pests and diseases, Drought or too much rains, Primitive methods of cultivation, lack of proper storage facilities which exposes grain to rain and rats, Grading, Transport, Market Intelligence (up to date market prices to villagers), Long chain of middlemen (Large no. of intermediaries between cultivator and consumer, wholesalers and retailers, Fundamental practices (Market Dealers and Commission Agents get good part of sale of receipts).

THE MAJOR WEAKNESS AND CHALLENGES IN THIS SECTOR

- Traditional mind not to react new ideas.
- Agricultural income mostly invested in gold ornaments and weddings.
- Low rural literature.
- Not persuading new thinking and improved products

EMERGING TRENDS IN MARKETS

ON LINE RURAL MARKET (INTERNET, NICNET):

Rural people can use the two-way communication through on – line service for crop information, purchases of Agri-inputs, consumer durable and sale of rural produce online at reasonable price. Farm information online marketing easily accessible in rural areas because of spread of telecommunication facilities all over India. Agricultural information can get through the Internet if each village have small information office

COST BENEFIT ANALYSIS IN THIS SECTOR

Cost benefit can be achieved through development of information technology at the doorsteps of villagers. Most of the rural farmers need price information of agri-produce and inputs. If the information is available farmers can take quick decision where to sell their produce, if the price matches with local market farmers no need to go near by the city and waste of money & time it means farmers can enrich their financial strength.

NEED BASED PRODUCTION

Supply plays major role in price of the rural produce, most of the farmers grow crops in particular seasons not through out the year, it causes oversupply in the market and drastic price cut in the agricultural produce. Now the information technology has been improving if the rural people enable to access the rural communication, farmers' awareness can be created about crops and forecasting of future demand, market taste. Farmers can equates their produce to demand and supply, they can create farmers driven market rather than supply driven market. If the need based production system developed not only prices but also storage cost can be saved. It is possible now a days the concept of global village.

MARKET DRIVEN EXTENSION

Agricultural extension is continuously going through renewal process where the focus includes a whole range of dimensions varying from institutional arrangements, privatization, decentralization, partnership, efficiency and participation. The most important change that influences the extension system is market forces. There is a need for the present extension system to think of the market driven approach, which would cater the demands of farmers.

AGRO- PROCESSING INDUSTRY

India is the second largest producer of fruits and vegetables in the world with an annual production of more than 110 million tones of fruit and vegetable only 1.3 percent of the output is processed by the organized sector commercially, the reason higher consumption in fresh form. However, as the packaging, transportation and processing capacities increase, the market for processed fruits and vegetables is projected to grow at the rate of about 20 % per annum. 100 % export oriented units (EOU) and Joint venture units required improving the processing industry.

KISAN MANDI

There is a need to promote direct agricultural marketing model through retail outlets of farmer's co-operatives in urban areas. The direct link between producers and consumers would work in two ways: one, by enabling farmers to take advantage of the high price and secondly, by putting downward pressure on the retail prices.

RECENT DEVELOPMENTS IN TAMILNADU

Many remote villages now connected to main roads and link roads with the help of innovative technique of grass root development by the people for the people of the people. "Uzhavar sandhai" is another development of rural farmers reducing middle men and also cost to the benefit of urban society.

THE INNOVATIVE –" UZHAVAR SANDHAI"

The recent changes in agricultural produce sale by farmers in Uzhavar sandhai leads to direct selling vegetables and other commodities to urban needs. Government of Tamilnadu started Uzhavar sandhai all over the state for the purpose of direct selling their produce to urban needs, not only selling of rural produce but also exchange of their ideas each others.

PROCUREMENT PRICES / SUPPORT PRICES

These prices are more than minimum prices, which facilitates government bulky procurement for Public Distribution System and maintains buffer stock levels.

Farmer has little control over prices, which are determined by the broad factors of, supply and demand market at large.

SUGGESTIONS FOR SOUND RURAL MARKETING IN INDIA

- Suitable structure of support prices for various farm commodities adjusted from time to time.
- Adequate arrangement of agricultural produce on support price if the price falls below the level.
- Regulated infrastructure of markets and warehouses, which ensure fair prices
- Rural roads must be compliment and coordinate with railways, nearest waterways (port), airports if possible.
- The efficient marketing is predominantly influenced by efficient distribution system it means products such ultimate consumer in the quickest time possible at minimum cost.
- The development of communication systems appropriate to rural market may cost up to six times as much as reaching an urban market through established media, need rural communication facilities.

- The state marketing board or federation or market committees also the producers, traders and sellers have necessarily to be consulted as they have the principle interest towards its use.
- The arrivals of various products such as food grains, Vegetables, Dairy products, Flowers etc. need speedy transport.
- Public weighing machines one in each rural market to ensure correct weightment both for farm and non-farm arrivals. Storage godowns and an office also required.
- For storage facilities the government should not depend on private agencies to store food grains (National commission on Agriculture recommended).
- Rural markets need more number of godowns and ancillary platforms for packaging places, market office cum information cell, bank and post office.
- Rural marketing is the nerve center of a rural economy; rural markets are the channels for the movements of goods and services as well as to promote cultural integration.
- Agricultural technology must reach all over the country, irrespective of size of land holding.
- Improve physical communication facility to nook and corner of the country.
- Land reforms need effectively implemented, because the land is basic asset of rural people.
- Rural communication must be in regional language and dialects.
- The existing marketing staff must be increased and adequate training must be given.
- Extending of financial support for modernization of the agro-processing units is also needed.
- Processing units should utilise fully capacity.
- There is need to find out markets for agro-processed products within and out side of the country.
- The proper packaging technology must be improved.
- Rural consumer environment must be understood before the creation of ad.
- Rural mindset accepts the brands easily, which are close to their culture. This point must be reflected in ad for rural markets.
- Sponsorships to the Melas and Hats must be considered in a significant manner.
- Selection of brand ambassadors, lyrics must not be ignored in this regard.

They have a special liking for folk culture so this can be taken in an effective utilization of brand promotions

CONCLUSION

Rural markets are for marketers with perseverance and creativity. The market is extremely attractive with its vast potential but also provides challenges. It is a classic case of risk return situation. It is a high risk area but with the promise of a large customer following as the prize for those who succeed. The key to reducing the risk is to understand the market, the consumer need and behaviors.

Marketers need to understand that rural consumers are not a homogeneous lot. The rural market is not synonymous with the farmer. The consumer groups here differs by occupation, income, social and cultural grouping. The rural marketer will find it useful to identify consumer groups who require products purchased in the urban market. Adaptation to consumer needs of the rural market is reflected in products offered and the message used. Understanding and communication in the language that the rural consumer comprehends is a challenge the market has to face. The communication strategy that allows flexibility and autonomy to meet the local situation is important. Consumer purchase behavior is also reflected in distribution decisions. The periodic markets are an important social institution that marketers can use to supplement reaching the rural consumer.

Considering the emerging issues and challenges, government support is necessary for the development of marketing of agricultural produce. The government may adjust suitable budget allocations to rural infrastructure plans, and proper supervision for effective plan implementation. The core areas like transport, communication, roads, credit institutions, crop insurance for better utilization of land and water at appropriate level. The rural people and markets will definitely develop rural income and reduce poverty, on the whole countries economy will boost at an expected level. MANAGE an extension management institution may provide extension services to rural people in crop information, price information, insurance and credit information by using various media. MANAGE may recommend / advice to central and state governments on suitable infrastructure development, current problems in rural markets and problem solving techniques.

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